

PURCHASE OF MILITARY SERVICE

A.C.A. § 24-7-602 amended by Acts 142, 206, and 1053 of 1997 and Act 866 of 1999

Any person who is a member or former member of a state-supported retirement system may purchase up to five (5) years of credited active duty military service.

1. A person may choose to purchase one (1) year at a time. The year or years to be purchased shall be closest to teaching service.
2. Eligibility to purchase military service credit shall be subject to the following conditions:
 - A. Any person who is now, or was in the past, a member of a reciprocal system and has five (5) years of combined credited membership service;
 - B. A member of the Teacher Retirement System with five (5) years of credited membership service;
 - C. Must have received an honorable discharge;
 - D. Total military service credit cannot exceed five (5) years;
 - E. The member is not receiving, nor is eligible to receive, federal military service retirement pay (other than disability) based upon 19 or more years of active duty.
3. Crediting of military service will require the completion of Form M-2, provided by the System and official military documents listing the entry and discharge dates of the first enlistment or induction.
4. Effective August 13, 1993, the computation for the purchase of military service shall be:
 - A. For the first three (3) years of credited service, the member shall pay the amount that would have been contributed to the System had he or she been a member during the term of military service. This amount shall be based upon the salary at the time the person first became a member of the Retirement System times:
 - i. The employee contribution rate for that first full year of credited service, plus:

- ii. The employer contribution rate for that first full year of credited service, plus:
 - iii. Simple interest at a rate of 6%. The interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.
- B. For the fourth and fifth year of credited service, the member shall pay the amount that would have been contributed to the System had he or she been a member during the term of military service. This amount shall be based upon the salary at the time the person first became a member of the Retirement System, times:
 - i. The employee contribution rate for that first full year of credited service, plus:
 - ii. The employer's contribution rate in effect at the time the member first became eligible to purchase the military service, plus:
 - iii. Simple interest at the rate of 6%. The interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.
- 5. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deduction). See Rule No. 8-5 (Purchase Payment Rules).
- 6. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).
- 7. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).

Amended: February 3, 2004
June 15, 2004